

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 ISO-00 IO-10 OIC-02 AGR-05

SS-15 SP-02 L-02 H-01 NSC-05 CIAE-00 INR-07 NSAE-00

PA-01 RSC-01 USIA-06 PRS-01 STR-01 COME-00 TRSE-00

TAR-01 OMB-01 /093 W

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P 201403Z JAN 75

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC PRIORITY 7221

AMEMBASSY LONDON

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

AMEMBASSY MEXICO CITY

AMEMBASSY CARACAS

AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMEMBASSY BOGOTA

AMEMBASSY ABIDJAN

AMCONSUL LUANDA

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E.O. 11652 - N/A

TAGS: EAGR, ETRD, ES

SUBJ: COFFEE - SALVADORAN POSITION ON ICA

GUATEMALA ALSO FOR ROCAP

1. SALVADORAN DELEGATION TO THE ICO MEETING BEGINNING JAN 20
WILL PROBABLY BE HEADED BY ECONOMY MINISTER DR GUILLERMO
HIDALGO QUEHL AND INCLUDE NATIONAL COFFEE DEPARTMENT SALVAQA
DORAN COFFEE COMPANY (CSC) MANAGER DR RICARDO FALL CACERES,
PRESIDENT OF THE COFFEE ASSOCIATION OF EL SALVADOR BALTAZAR
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FERREIRO AND AS YET UNDESIGNATED REPRESENTATIVES OF THE COFFEE

COOPERATIVES AND ABECAFE (MILLERS AND EXPORTERS).

2. IN A DISCUSSION WITH ECONOFF, JOSE ANTONIO TINOCO, PRESIDENT OF CSC (WHO WILL NOT GO TO LONDON DUE TO PENDING VENFUND ARRANGEMENTS AND A GENERAL ASSEMBLY OF THE CSC), VOICED PESSIMISM CONCERNING RENEGOTIATION OF THE ICA. HE SAID DISCUSSION IN LONDON IS A BIT REVERSED, WITH ISSUES OF PRICE DISCUSSED BEFORE THE ISSUE OF QUOTAS. EL SALVADOR THINKS OF MINIMUM PRICES AND INDEXATION ONLY WHEN RELATED TO EXPORT QUOTAS, AND THESE QUOTAS MUST NOT BE FIXED AS IN PREVIOUS ICA'S, BUT ADJUSTABLE YEARLY. TINOCO IS CONVINCED CONSUMERS WILL NOT AGREE TO MINIMUM PRICES WITHOUT QUOTAS AND WHILE THE SALVADORAN DELEGATION WILL PRESS FOR INDEXATION AS A MATTER OF PRINCIPLE, HE SEES IT AS AN UN-REALISTIC GOAL.

3. CONCERNING THE RETENTION SCHEME AND VENEZUELAN FINANCING, TINOCO DREW ATTENTION TO THE CSC'S ADVERTISEMENTS IN JANUARY 17 LOCAL NEWSPAPERS OF COFFEE FINANCING BASED ON THE VENEZUELAN LINE OF CREDIT (UP TO \$28 PER CWT FOR 80 PERCENT OF THE 1974/75 HARVEST UNTIL OCT 31, 1975 FOR AMOUNTS UP TO \$40,000 AT 8 PERCENT AND 11 PERCENT FOR AMOUNTS BETWEEN \$40,000 AND \$100,000; FOR THE REMAINING 20 PERCENT OF THE HARVEST FINANCING IS OFFERED AT \$28 PER CWT. UNTIL MARCH 31, 1976 AT 7 PERCENT UP TO \$8,000 AND 11 PERCENT ABOVE.) THE CONTROL ON THE RETENTION IS A DEPOSIT OF THE WAREHOUSE RECEIPT TO THE PRODUCERS' "RETENTION CONTROL COMMITTEE" IN LONDON (COMPRISED OF BRAZIL, COLOMBIA, IVORY COAST AND EL SALVADOR) AND TO THE VENFUND. THE RETENTION COMMITTEE MAY MAKE ON SITE INSPECTIONS. OTRAS SUAVES S.A. IS STILL BEING FORMED; THE POSSIBLE SITES FOR HEADQUARTERS NARROW TO MEXICO AND CARACAS.
MOSKOWITZ

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